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UNITED STATES  
BANKRUPTCY COURT  
PATRICIA GRAY, CLERK

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Attorneys for the Debtors and  
Debtors-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEVADA

Case No. BK-N-01-31627

Chapter 11

In re

WASHINGTON GROUP  
INTERNATIONAL, INC., et al.,

**ORDER (I) APPROVING SUPPLEMENTAL  
DISCLOSURE WITH RESPECT TO THE  
SECOND AMENDED JOINT PLAN OF  
REORGANIZATION OF WASHINGTON  
GROUP INTERNATIONAL, INC., ET AL., AS  
MODIFIED AND (II) ESTABLISHING  
SOLICITATION REQUIREMENTS WITH  
RESPECT TO THE PLAN AS MODIFIED**

Hearing Date: August 28, 2001

Hearing Time: 2:00 p.m.

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3 Pursuant to the motion (the " Motion") of the above-captioned debtors and debtors  
4 in possession ("WGI" or the "Debtors"), seeking an order (i) approving supplemental disclosure  
5 (the "Supplement" attached hereto as Exhibit A) with respect to the Second Amended Joint Plan  
6 of Reorganization of Washington Group International, Inc., et al.,(the "Plan") as modified by the  
7 Modification<sup>1</sup> attached hereto as Exhibit B and (ii) establishing solicitation requirements with  
8 respect to the Plan as modified; a hearing having been held on August 28, 2001 (the  
9 "Supplemental Disclosure Hearing") to consider approval of the Motion; it appearing that notice  
10 of the Motion was good and sufficient under the particular circumstances and that no other or  
11 further notice need be given; and upon the record of the Supplemental Disclosure Hearing and  
12 these cases; and after due deliberation thereon and good cause appearing therefor,  
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15 IT IS HEREBY ORDERED, FOUND, ADJUDGED AND DECREED that:

16 1. Subject to the provisions set forth herein and the rulings made on the  
17 record at the Supplemental Disclosure Hearing, the Motion is granted and to the extent not  
18 withdrawn, settled or otherwise resolved, all objections to the Motion are overruled.

19 2. Pursuant to Fed. R. Bankr. P. 3017(b), the Supplement is approved as  
20 containing adequate information within the meaning of section 1125(a) of chapter 11 of title 11 of  
21 the United States Code, 11 U.S.C. §§ 101-1330, as amended (the "Bankruptcy Code").  
22

23 3. Pursuant to sections 1125, 1127 and 105 of the Bankruptcy Code and  
24 consistent with Fed. R. Bankr. P. 3019, holders of claims in Class 7 (other than holders of Lender  
25 Deficiency Claims) ~~and~~ are not required to be re-solicited.  
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28 <sup>1</sup>Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

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3 4. The Debtors shall post the Supplement, the Modification and this Order  
4 on their website and provide copies of such documents of via overnight mail and, to the extent  
5 possible electronic mail, as soon as practicable to (a) holders of claims in Class 6 and holders of  
6 Lender Deficiency Claims and (b) all parties who have filed a notice of appearance and request  
7 for copies of papers filed in these chapter 11 cases pursuant to Bankruptcy Rule 2002 and (c) any  
8 other party that has filed an objection to confirmation and served such objection on the Debtors. 

9  
10 5. Pursuant to section 105 of the Bankruptcy Code and Fed. R. Bankr. P.  
11 3017(c), the deadline for receipt of ballots to accept or reject the Plan by holders of claims in  
12 Class 6 and holders of Lender Deficiency Claims is hereby extended to 4:00 p.m. (prevailing  
13 Reno Time) on September 10, 2001.

14  
15 6. The deadline for filing objections to the Plan as modified by the  
16 Modification for any party who has previously filed an objection to the Plan is hereby extended  
17 to 2:00 p.m. (prevailing Reno Time) on September 10, 2001.

18 7. The deadline for all other parties to file objections to the Plan is hereby  
19 extended to 2:00 p.m. (prevailing Reno Time) on September 5, 2001.  
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8. All briefs in support of confirmation of the Plan and declarations of any witness in support of confirmation of the Plan or in support of an objection to confirmation of the Plan shall be filed no later than 2:00 p.m. (prevailing Reno Time) on September 11, 2001.

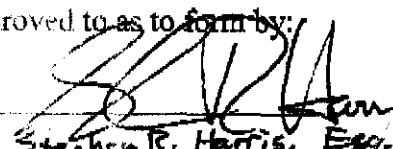
DATED this \_\_\_\_ day of August, 2001.

\_\_\_\_\_  
Hon. Gregg W. Zive  
UNITED STATES BANKRUPTCY JUDGE

Submitted by:  
LIONEL SAWYER & COLLINS

\_\_\_\_\_  
Jennifer A. Smith  
Attorneys for Washington Group  
International, Inc/, et al.  
Debtors and Debtors in Possession

Approved to as to form by:

  
By: Stephen R. Harris, Esq.  
Attorneys for the Steering Committee  
For the Prepetition Secured Lenders

\_\_\_\_\_  
By:  
Attorneys for the Official Committee  
of Unsecured Creditors

B. All briefs in support of confirmation of the Plan and declarations of any witness in support of confirmation of the Plan or in support of an objection to confirmation of the Plan shall be filed no later than 2:00 p.m. (prevailing Reno Time) on September 11, 2001.

DATED this \_\_\_\_ day of August, 2001.

Hon. Gregg W. Zive  
UNITED STATES BANKRUPTCY JUDGE

Submitted by:  
LIONEL SAWYER & COLLINS

Jennifer A. Smith  
Attorneys for Washington Group  
International, Inc/, et al.  
Debtors and Debtors in Possession

Approved to as to form by:


By:  
Attorneys for the Steering Committee  
For the Prepetition Secured Lenders

By: RANDY ROBERTS  
Attorneys for the Official Committee  
of Unsecured Creditors

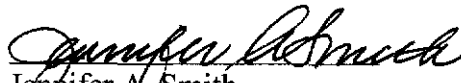
*SUBJECT TO CHANGES  
IN PARAGRAPHS 3 AND 4*

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2  
3 8. All briefs in support of confirmation of the Plan and declarations of any  
4 witness in support of confirmation of the Plan or in support of an objection to confirmation of the  
5 Plan shall be filed no later than 2:00 p.m. (prevailing Reno Time) on September 11, 2001.

6 DATED this 29<sup>th</sup> day of August, 2001.


7  
8  
9   
10 Hon. Gregg W. Zive  
UNITED STATES BANKRUPTCY JUDGE

11 Submitted by:  
12 LIONEL SAWYER & COLLINS

13   
14 Jennifer A. Smith  
15 Attorneys for Washington Group  
16 International, Inc/, et al.  
Debtors and Debtors in Possession

17 Approved to as to form by:

18 By: \_\_\_\_\_  
19 Attorneys for the Steering Committee  
20 For the Prepetition Secured Lenders

21 By:  \_\_\_\_\_  
22 Attorneys for the Official Committee  
23 of Unsecured Creditors  
24  
25  
26  
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28

# **EXHIBIT**

**A**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEVADA

\_\_\_\_\_  
In re )

WASHINGTON GROUP )  
INTERNATIONAL, INC., et al., )

Debtors. )  
\_\_\_\_\_)

Case No. BK-N-01-31627  
(Chapter 11)

**SUPPLEMENT TO DISCLOSURE STATE-  
MENT WITH RESPECT TO SECOND  
AMENDED JOINT PLAN OF  
REORGANIZATION OF WASHINGTON  
GROUP INTERNATIONAL, INC., ET AL.,  
REGARDING MODIFICATION**

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Attorneys for the Debtors and  
Debtors-in-Possession

Dated: August 23, 2001



## DISCLAIMER

THE INFORMATION CONTAINED IN THIS SUPPLEMENT TO DISCLOSURE STATEMENT (THE "SUPPLEMENT") IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE SECOND AMENDED JOINT PLAN OF REORGANIZATION AS MODIFIED (THE "PLAN") OF WASHINGTON GROUP INTERNATIONAL, INC. AND ITS AFFILIATED DEBTORS AND DEBTORS IN POSSESSION FROM HOLDERS OF CLAIMS IN CLASS 6 AND LENDER DEFICIENCY CLAIMS UNDER THE PLAN, AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN FOR SUCH CLAIM HOLDERS TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS SUPPLEMENT OR THE DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL HOLDERS OF CLASS 6 CLAIMS AND LENDER DEFICIENCY CLAIMS ARE ADVISED AND ENCOURAGED TO READ THIS SUPPLEMENT, THE DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS SUPPLEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS AND SCHEDULES ANNEXED TO THE PLAN, THE DISCLOSURE STATEMENT AND THIS SUPPLEMENT. THE STATEMENTS CONTAINED IN THIS SUPPLEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS SUPPLEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS SUPPLEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OR CLAIMS OF WASHINGTON GROUP INTERNATIONAL, INC. OR ANY OF THE AFFILIATED DEBTORS AND DEBTORS-IN-POSSESSION IN THESE CASES SHOULD EVALUATE THIS SUPPLEMENT, THE DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS SUPPLEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS SUPPLEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, WASHINGTON GROUP INTERNATIONAL, INC. OR ANY OF THE AFFILIATED DEBTORS AND DEBTORS-IN-POSSESSION IN THESE CASES.

## Preliminary Statement

On July 24, 2001 the Bankruptcy Court approved the Debtors' Disclosure Statement (the "Disclosure Statement") with Respect to Second Amended Joint Plan of Reorganization of Washington Group International, Inc., et al. (the "Plan"). The Disclosure Statement, among other things, summarizes the terms and conditions of the Plan.

The Disclosure Statement and Plan were mailed to appropriate creditors and other parties in interest on July 31, 2001, pursuant to the Order (i) approving the Disclosure Statement (ii) determining treatment of certain claims for notice and voting purposes, (iii) establishing a record date and procedures for filing objections to the Plan, and temporary allowance of claims, and (iv) approving solicitation procedures for confirmation (the "Disclosure Statement Order") entered by the Bankruptcy Court. The deadline for parties to vote on the Plan was set as August 27, 2001 (the "Voting Deadline") and the deadline for parties to file objections to the Plan was originally set as August 24, 2001. A hearing to consider confirmation of the Plan was originally set for September 6, 2001 at 9:30 a.m. See Section II of the Disclosure Statement.

After the mailing of the Plan and Disclosure Statement, negotiations between the Debtors, the Official Committee of Unsecured Creditors (the "Creditors' Committee") and the Debtors' prepetition senior secured lenders (the "Prepetition Secured Lenders") continued. Those negotiations have not, to date, resulted in a consensual resolution between the Prepetition Secured Lenders and the Creditors' Committee.

As a result, and as described below, the Debtors requested that the Steering Committee for the Prepetition Secured Lenders (the "Steering Committee") agree to certain modifications to the Plan in settlement and consideration of certain issues and objections to the Plan raised by the Creditors' Committee and certain other parties in interest, which issues and objections are described generally throughout the Disclosure Statement. In response to the Debtors' request, the Steering Committee has agreed to support the modifications to the Plan contained in the Modification attached hereto as Exhibit A (the "Modification").

The Modification results in a number of changes to the Plan that, among other things, alter the treatment for holders of Claims in Class 6 and Class 7. The estimated value of the recoveries proposed under the Plan have been increased for holders of Claims in Class 7, and decreased for holders of Claims in Class 6. A summary of the changes to the Plan as a result of the Modification is set forth in this Supplement.

**By order of the Bankruptcy Court, the hearing to consider confirmation of the Plan will now commence on September 13, 2001 at 9:00 a.m.; the deadline for parties to object to the Plan is now September 4, 2001; and the Voting Deadline for holders of Claims in Class 6 (and Lender Deficiency Claims) only is now September 6, 2001.**

All capitalized terms not defined in this Supplement have the meanings ascribed to such terms in the Plan.

### Events Leading to Modification

As described in the Disclosure Statement, prior to the Petition Date, the Company concluded that the only way to maintain its going concern value for the benefit of creditors, if a Chapter 11 filing was to occur, was to seek to complete the Debtors' Chapter 11 Cases and emerge from Chapter 11 as quickly as possible. Accordingly, the Company negotiated the terms of a restructuring plan with its Prepetition Secured Lenders prior to commencing these Chapter 11 Cases and a restructuring plan was filed on May 14, 2001, the day the Chapter 11 Cases were commenced.

At the outset of the Chapter 11 Cases, the Bankruptcy Court established certain dates designed to result in consummation of the Debtors' reorganization plan as quickly as practicable. July 24, 2001 was set as the date for the Bankruptcy Court to consider approving the Disclosure Statement, and September 6, 2001 was set as the date to consider confirmation of the reorganization plan. Subsequently, the Debtors, the Steering Committee and Mr. Dennis Washington reached an agreement (the "Washington Agreement") regarding continued participation by Mr. Washington in the management of the Company and the consideration to be given to Mr. Washington in exchange for his agreement to remain with the Company, which agreement is described in Section V.G of the Disclosure Statement. As a result, on June 22, 2001, the Debtors filed the First Amended Joint Plan of Reorganization, which reflected modifications to the plan as filed on May 14, 2001, to encompass the agreement with Mr. Washington, but also contained a number of open items that at the time remained subject to ongoing negotiations. Additional modifications reflecting the results of ongoing negotiations were incorporated into the Plan, which was filed as of July 24, 2001.

As of the date the Disclosure Statement was approved by the Bankruptcy Court, July 24, 2001, the Plan was not supported by the Creditors' Committee. The Creditors' Committee (as well as other parties in interest) raised a number of objections to the Plan in

connection with the hearing to approve the Disclosure Statement, and those objections are summarized at various places throughout the Disclosure Statement. Chief among the objections raised are objections to (a) the valuation of the Company by the Debtors' investment banker, Lazard Freres & Co. LLC ("Lazard"), the mid-point of which was set in the Disclosure Statement at \$555 million (the "Valuation Dispute") and (b) the contention by the Prepetition Secured Lenders and the Debtors that the Prepetition Secured Lenders have valid, enforceable Liens on assets that comprise substantially all of the value of the Company (the "Lien Dispute"). In fact, as set forth in the Disclosure Statement, the Creditors' Committee filed an Adversary Proceeding regarding the Liens asserted by the Prepetition Secured Lenders. As set forth in the Disclosure Statement, the Prepetition Secured Lenders and the Debtors contest the positions taken by the Creditors' Committee with respect to these objections as well as the other objections raised by various parties in interest.

As disclosed in the Disclosure Statement, negotiations among the Debtors, the Prepetition Secured Lenders and the Creditors' Committee have been ongoing, in an effort to reach a consensual resolution of these disputes. Despite these efforts, the Steering Committee has been unable to reach agreement with the Creditors' Committee on a settlement of these issues and objections.

As a result, the Debtors requested that the Steering Committee consider agreeing to a modification of the Plan to increase recoveries to holders of Claims in Class 7, and to correspondingly decrease recoveries to holders of Claims in Class 6, to reflect a fair resolution and settlement of the Lien Dispute and to take into consideration the Valuation Dispute. The Steering Committee has agreed to do so, and the Plan modifications that the Steering Committee has agreed to support and recommend to all Prepetition Secured Lenders is contained in the Modification.

On August 23, 2001, the Modification was filed with the Bankruptcy Court. On August [28], 2001 the Debtors sought and obtained an order from the Bankruptcy Court (a) approving this Supplement pursuant to section 1125 of the Bankruptcy Code, (b) authorizing the Debtors to distribute this Supplement to holders of claims in Class 6 (and Lender Deficiency Claims) only, and (c) finding that no holder of Claims or Interests other than holders of Claims in Class 6 (and Lender Deficiency Claims) are adversely affected by the Modification and finding that a re-solicitation of votes of holders of any Class 7 Claim (other than Lender Deficiency Claims) is unnecessary.

Because the Creditors' Committee has indicated to the Debtors that the Plan as modified by the Modification is not supported by the Creditors' Committee, the Debtors anticipate that holders of Claims in Class 7 will generally vote against the Plan, and that, as a result, the Debtors will be required to seek confirmation of the Plan with respect to Class 7 pursuant to the provisions of section 1129(b) of the Bankruptcy Code. At this time, there can be no assurance (a) as to how holders of Claims in Class 7 will actually vote or (b) that the Debtors will be able to satisfy the requirements of section 1129(b) of the Bankruptcy Code, although the Debtors believe that they will be able to do so.

**THE DEBTORS AND THE STEERING COMMITTEE FOR THE PREPETITION SECURED LENDERS BELIEVE THAT THE PLAN, AS MODIFIED, IS IN THE BEST INTERESTS OF ALL HOLDERS OF CLAIMS AGAINST THE DEBTORS AND THUS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.**

### **Summary of the Modification and Resulting Changes to the Plan**

#### *Issuance of New Common Shares*

Under the Plan, before the Modification, Reorganized WGI was to issue and distribute 100% of the New Common Shares of Reorganized WGI to be distributed under the Plan on the Effective Date to holders of Allowed Class 6 Claims. As a result of the Modification, the Plan now provides for Reorganized WGI to issue and distribute ninety-three percent (93%) of the New Common Shares of Reorganized WGI to be distributed under the Plan on the Effective Date to holders of Allowed Class 6 Claims and seven percent (7%) of such New Common Shares to holders of Allowed Class 7 Claims (in each case, subject to Dilution).

#### *Issuance and Summary of Terms of Class 7 Stock Warrants*

Under the Plan as modified by the Modification, Reorganized WGI will now issue the Class 7 Stock Warrants on the Effective Date, for distribution to holders of Allowed Claims in Class 7. The Class 7 Stock Warrants shall be exempt from registration under applicable securities laws pursuant to section 1145(a) of the Bankruptcy Code. The Class 7 Stock Warrants, which will fully vest on the Effective Date, will consist of two (2) tranches of warrants as follows:

(i) The "Tranche A Class 7 Warrants" shall be warrants to purchase New Common Shares consisting of ten percent (10%) of the New Common Shares outstanding (subject to Dilution), with a strike price calculated based upon an assumed equity value for the Company on a going concern basis of \$825 million. The Tranche A Class 7 Warrants shall have a term expiring on the first (1<sup>st</sup>) anniversary of the Effective Date.

(ii) The "Tranche B Class 7 Warrants" shall be options to purchase New Common Shares consisting of ten percent (10%) of the New Common Shares outstanding (subject to Dilution), with a strike price calculated based upon an equity value for the Company on a going concern basis of \$1 billion. The Tranche B Class 7 Warrants shall have a term expiring on the first (1<sup>st</sup>) anniversary of the Effective Date.

#### *The WGI Creditor Trust*

Under the Plan, before the Modification, holders of Allowed Claims in Class 7 were to receive a Pro Rata beneficial interest in 100% of the WGI Creditor Trust, giving them the right to receive all of the Net Trust Recoveries therefrom. As a result of the Modification, holders of Allowed Claims in Class 7 will receive a seventy percent (70%) beneficial interest in the WGI Creditor Trust, and holders of Allowed Claims in Class 6 will receive a thirty percent (30%) beneficial interest in the WGI Creditor Trust.

#### *Modification to the Washington Agreement*

Prior to the Modification, the Plan included an agreement between Dennis Washington and the Steering Committee for the Prepetition Secured Lenders (the "Washington Agreement") that provided that in exchange for Mr. Washington's agreement to render ongoing services to the Company and to remain as chairman of the Company's Board of Directors for two years after the Effective Date, Mr. Washington would be granted, on the Effective Date, options to acquire New Common Shares (the "Washington Stock Options"). See Section I of the Overview to the Disclosure Statement and Section IV.G of the Disclosure Statement for further details of the events leading to the Washington Agreement.

As a result of the Modification, three changes have been made to the Washington Agreement. First, under the Plan before the Modification Mr. Washington was to be granted, on the Effective Date, the Washington Stock Options in three tranches with each tranche being options to purchase 5% of the total outstanding New Common Shares (on a fully diluted basis), at different prices. Under the Plan after the Modification, the amount of New Common Shares that may be purchased under each of tranches B and C of the Washington Stock Options will be reduced from 5% to 4.5% of New Common Shares outstanding (on a fully diluted basis).

Second, under the Plan before the Modification, one third of each tranche of the the Washington Stock Options was to vest on the Effective Date, and one-third of each tranche was to vest on each of the first two anniversaries of the Effective Date. Under the Plan as modified, two-thirds of each tranche will now vest on the first anniversary of the Effective Date, and one-third of each tranche will vest on the second anniversary of the Effective Date.

Finally, the Plan as modified by the Modification explicitly provides that if the Bankruptcy Court determines that the Plan is not confirmable as a result of all or any part of the Washington Agreement, and unless Mr. Washington consents to a modification of the Washington Agreement that the Bankruptcy Court determines renders the Plan confirmable, the Washington Agreement shall be deemed automatically stricken from the Plan in its entirety (including, without limitation, Mr. Washington's agreement to remain on the board of directors of Reorganized WGI).

#### *Modification to the Management Option Plan*

Under the Plan management and designated employees are to receive stock options pursuant to the Management Option Plan. The Management Option Plan provides for options to purchase up to 10% of the New Common Shares outstanding. One half of these options are to be issued on the Effective Date (the "Effective Date Management Options"), with the remaining half authorized to be issued in the future at the discretion of the Reorganized WGI Board of Directors. Under the Plan, prior to the Modification, the Management Options were to be for the purchase shares aggregating 10% fo the New Common Shares on a fully diluted basis. As as result of the Modification, the management options are to be for the purchase of shares aggregating 10% of the New Common Shares outstanding, subject to Dilution. In addition, prior to the Modification, the exercise price of the Effective Date Management Options was to be set based upon the value of the New Common Shares as established in the Disclosure Statement. Under the Plan, as modified by the Modification, the exercise price for the Effective Date Management Options will be set based upon the enterprise value of the Company set forth in the Disclosure Statement (\$555 million) minus the actual amount of funded debt on the Company's consolidated balance sheet immediately after the Effective Date.

#### *Resulting Modifications to Distributions for Holders of Claims in Class 6*

Under the Plan, as described in the Disclosure Statement, Lender Claims are to be bifurcated under section 506 of the Bankruptcy Code into Secured Lender Claims and Lender Deficiency Claims. Secured Lender Claims are classified in Class 6 and Lender Deficiency Claims are classified in Class 7. See the discussion below regarding valuation and the amount of these claims, as established under the Plan as modified by the Modification.

Under the Plan, as modified by the Modification, on the Effective Date, each holder of an Allowed Class 6 Claim, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Class 6 Claim, shall receive on or as soon as practicable after the Distribution Date, (i) a Pro Rata share of ninety-three percent (93%) of the New Common Shares to be issued and outstanding as of the Effective Date (subject to Dilution) and (ii) a Pro Rata beneficial interest in thirty percent (30%) of the WGI Creditor Trust, and shall be entitled to receive distributions from the WGI Creditor Trust pursuant to the terms and conditions set forth in Section 9.7 of the Plan and the WGI Creditor Trust Agreement

#### *Resulting Modifications to Distributions for Holders of Claims in Class 7*

Under the Plan, as modified by the Modification, on the Effective Date, each holder of an Allowed Class 7 Claim (subject to the provisions of Section 5.17 of the Plan, which are discussed below) shall receive, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Class 7 Claim, (i) a Pro Rata beneficial interest in the seventy percent (70%) of the WGI Creditor Trust, and shall be entitled to receive distributions from the WGI Creditor Trust pursuant to the terms and conditions set forth in Section 9.7 of the Plan and the WGI Creditor Trust Agreement, until such Claim is paid in full with interest at the rate of 20% per annum, compounded quarterly, accruing from the Petition Date until the date payment is made; (ii) a Pro Rata share of seven percent (7%) of the New Common Shares issued and outstanding as of the Effective Date (subject to Dilution); and (iii) a Pro Rata share of the Class 7 Stock Warrants.

#### *Request to Confirm Certain Provisions of the Plan as Modified Pursuant to Bankruptcy Rule 9019*

As described above, the Debtors believe that the Modification provides for a settlement of the Lien Dispute and takes into consideration the Valuation Dispute, on terms that are fair, reasonable, and appropriate given the relative factual and legal positions of the parties with respect to these issues. Accordingly, the Modification explicitly provides that the Plan embodies a settlement of the Lien Dispute, and that the Debtors' request that the Bankruptcy Court confirm the Plan as modified by the Modification is a request to approve this settlement pursuant to Bankruptcy Rule 9019. The Confirmation Order that will be proposed by the Debtors will contain provisions explicitly approving this settlement and make it binding on all parties in interest.

As part of the settlement embodied in the Plan as modified by the Modification, a new Section 5.17 is added to the Plan, which provides that, in partial consideration for the settlement of the Lien Dispute, and taking into account the Valuation Dispute, the Prepetition Secured Lenders shall be deemed to have waived their right to receive any distributions under the Plan on account of their Lender Deficiency Claims, which are classified in Class 7; provided that with respect to the portion of the Lender Deficiency Claims in excess of \$171 million (which will only exist if outstanding prepetition letters of credit issued under the Prepetition Secured Credit Facility currently undrawn are drawn), the right to receive distributions on account of such portion of the Lender Deficiency Claims is retained.

The Confirmation Order shall include provisions that, on the Effective Date, to the extent that any prepetition letters of credit issued under the Prepetition Secured Credit Facility remain outstanding, such letters of credit shall become obligations of the Reorganized Debtors. Accordingly, Claims resulting from such outstanding letters of credit shall not be considered prepetition claims and no distributions shall be made under the Plan on account thereof.

#### *Creation of a Convenience Class*

The Modification includes the addition of a new Class 7(a) in the Plan. Class 7(a) shall include all holders of Convenience Claims, which are defined as General Unsecured Claims in amounts of \$5,000, or less. Under the Plan, as modified by the Modification, each holder of Allowed Claims in Class 7(a) will receive payment in full in Cash (plus interest at a market rate to be established in the Confirmation Order to the extent a particular Claim is entitled to interest) on the Effective Date or (ii) the date such Claim becomes due and payable in the ordinary course of business. The Debtors estimate that there will be approximately 6300 Claims in Class 7(a) and that aggregate payments to holders of Allowed Class 7(a) Claims will be less than \$6.3 million. Convenience Claims are unimpaired and thus are not entitled to vote on the Plan pursuant to 11 U.S.C § 1126(f).

#### *Projections and Valuation of the Company and the New Securities*

Based, in part, on information provided to Lazard by the Company, the Disclosure Statement contains a valuation of the enterprise of the Company on a going concern basis by Lazard (exclusive of claims against Raytheon and its subsidiaries). That valuation establishes the value of the Company on a going concern basis at between \$470 and \$640 million, with a midpoint of \$555 million. It is assumed that there will be \$50 million of funded debt on the Company's consolidated balance sheet upon emergence from Chapter 11, resulting in a total equity value of \$505 million. See Section XI.E of the Disclosure Statement.

Lazard's valuation is premised, in part, upon the Projections attached to the Disclosure Statement as Exhibit C. Based upon information obtained after the Disclosure Statement was completed and approved by the Bankruptcy Court on July 24, 2001, the Debtors have made certain revisions to the Projections (the "Revised Projections"). The Revised Projections are attached hereto as Appendix C-1. The Revised Projections take into account the following developments:

- The Company has reached an agreement with Boeing to convert the fixed price EELV contract to a cost reimbursable contract. As a result, previously recorded reserves of \$21.7 million will be reversed into income.
- As a result of a recently completed comprehensive review of the fixed price Pine Bluff Chemical Demilitarization contract for the Department of Defense, the estimated costs to complete the project have increased substantially. While the Company believes that negotiations with the customer may result in substantial recovery of these costs, management will record a provision for possible losses of \$38 million will be recorded in fiscal 2001.
- Because the Company has not experienced the significant deterioration in cash flow due to increases in working capital during the Chapter 11 process that had been forecast, the Debtors believe that even with the increased cash requirements associated with the Pine Bluff contract, there will be no additional borrowings under the DIP facility the amounts originally forecast in the Projections.

The Debtors do not believe that they are required to update or modify the Projections (as by their nature they are subject to the facts and circumstances known at the time they were created as well as all of the assumptions and qualifications contained throughout the Disclosure Statement), but have determined to make the revisions contained in the Revised Projections in the interests of making the fullest possible disclosure to holders of Claims in Class 6 (and Lender Deficiency Claims) in the context of the Modification, which are the only creditors adversely impacted by the Modification. The Debtors do not believe that the Revised Projections negatively impact the Debtors' ability to satisfy the feasibility standards required by section 1129(a)(11) of the Bankruptcy Code to confirm the Plan. See Section XI.A of the Disclosure Statement.

Lazard has reviewed the Revised Projections and concluded that the revisions do not have a material impact on Lazard's valuation of the Company as a whole. Such valuation, therefore, remains in a range from \$470 - \$640 million (with a mid-point of \$555 million). Consistent with this valuation, Lazard has ascribed the following approximate values to the New Securities to be issued under the Plan as modified by the Modification (based upon the midpoint of the enterprise value of the Company, assuming that the Company's consolidated balance sheet will reflect \$50 million of funded debt upon exit from Chapter 11, and based upon a Black-Scholes analysis with respect to the Class 7 Stock Warrants, the Washington Stock Options and the Management Options):

- (i) The New Common Shares to be issued under the Plan : \$431 million in the aggregate;
- (ii) The Class 7 Stock Warrants: \$10 million in the aggregate;
- (iii) The Washington Stock Options: \$46 million in the aggregate; and
- (iv) The Management Options: \$18 million in the aggregate.

The valuation of the Company, and the valuation of the New Common Shares, the Class 7 Stock Warrants, the Washington Stock Options and the Management Options are based upon numerous assumptions, including among other things, an assumption that the operating results projected for Reorganized WGI will be achieved in all material respects, and does not take into account Dilution as a result of the Management Options to be granted at the discretion of the Board of Reorganized WGI after the Effective Date. The Debtors and Lazard believe that these valuation assumptions are reasonable. *However, the valuation assumptions are not a prediction or reflection of post-Confirmation trading prices of the New Common Shares, the Class 7 Stock Warrants, the Washington Stock Options or the Management Options. As a result of a variety of factors, including those discussed in Section VIII of the Disclosure Statement, the trading prices of securities issued under a plan of reorganization are subject to many unforeseeable circumstances and therefore cannot be predicted.*

#### *Establishment of the Secured Lender Claims and Lender Deficiency Claims, and Estimate of Recoveries to Classes 6 and 7*

As set forth in the Disclosure Statement, total Lender Claims are estimated to be approximately \$572 million (which amount will be increased if and to the extent that outstanding prepetition letters of credit issued under the Prepetition Senior Secured Credit Facility are drawn prior to the Effective Date). Based upon the foregoing valuations, the value of the recovery to be provided under the Plan as modified by the Modification on account of Allowed Claims in Class 6 is \$401 million (93% of the value of the New Common Shares in the aggregate). Accordingly, the Secured Lender Claims are established under the Plan as modified by the Modification in the

aggregate amount of \$401 million, and the Lender Deficiency Claims are established in the aggregate amount of \$171 million. Lender Deficiency Claims will be increased on a dollar for dollar basis if and to the extent that outstanding prepetition letters of credit issued under the Prepetition Senior Secured Credit Facility are drawn before the Effective Date of the Plan. The estimated percentage recovery to holders of Allowed Claims in Class 6 is 100%. The estimated percentage recovery on all Lender Claims (taking into account the estimated percentage recovery on both the Secured Lender Claims and the Lender Deficiency Claims) is 70%.

As set forth in the Disclosure Statement, the mid-point of the estimated amount of Claims in Class 7 that will become Allowed is approximately \$875 million. This total is reduced to approximately \$704 million by excluding the Lender Deficiency Claims, the holders of which will be deemed to have waived their right to distribution in Class 7 on account of such Claims, as described above. Accordingly, based on the valuations of the New Common Shares and the Class 7 Stock Warrants as set forth above, and the Class 7 Claims estimate (less the Lender Deficiency Claims), the estimated percentage recovery to holders of Allowed Class 7 Claims (other than holders of Lender Deficiency Claims) under the Plan as modified by the Modification is approximately 5.7%. This estimated percentage recovery is premised on the valuation assumptions described above and in Overview J of the Disclosure Statement. The anticipated percentage recovery to holders of Allowed Class 7 Claims is also premised on the estimate of Allowed Class 7 Claims set forth in Overview J of the Disclosure Statement. To the extent that actual Allowed Class 7 Claims differs from this estimate, the recovery to holders of Allowed Class 7 Claims will differ accordingly.

### **Additional Disclosure and Solicitation**

As set forth above, because the Creditors' Committee continues to object to the Plan despite the Modification, the Debtors anticipate that, despite the material enhancement to the proposed recoveries for holders of claims in Class 7, Class 7 will continue to heed the recommendation of the Creditors' Committee and will vote against the Plan. Accordingly, pursuant to Sections 1127(a) and 105 of the Bankruptcy Code, and consistent with Bankruptcy Rule 3019, this Supplement will be transmitted only to holders of Claims in Class 6 (and Lender Deficiency Claims), because such creditors are they only creditors adversely affected by the Modification. The purpose of this Supplement is to provide additional information to enable such Claim holders to make a reasonably informed decision with respect to the Plan, as modified by the Modification, prior to exercising their right to vote to accept or reject the Plan.

The Bankruptcy Court has approved this Supplement as containing information of a kind and in sufficient and adequate detail to enable such Claim holders to make an informed judgment with respect to acceptance or rejection of the Plan, as modified by the Modification. THE BANKRUPTCY COURT'S APPROVAL OF THIS SUPPLEMENT DOES NOT CONSTITUTE EITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

ALL HOLDERS OF CLAIMS AGAINST THE DEBTORS ARE ENCOURAGED TO READ THIS SUPPLEMENT, THE DISCLOSURE STATEMENT AND ITS APPENDICES CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR TO REJECT THE PLAN AS MODIFIED. This Supplement contains important information about the Plan, considerations pertinent to acceptance or rejection of the Plan as modified by the Modification, and developments concerning the Chapter 11 Cases.

THIS SUPPLEMENT AND THE DISCLOSURE STATEMENT ARE THE ONLY DOCUMENTS TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. No person has been authorized to distribute any information concerning the Debtors other than the information contained herein.

Except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur subsequent to the date hereof and that may have a material impact on the information contained in this Disclosure Statement. The delivery of this Supplement shall not under any circumstance imply that the information herein is correct or complete as of any time subsequent to the date hereof.

### **PLAN VOTING INSTRUCTIONS AND PROCEDURES**

#### **Solicitation Package**

Prior to the mailing of this Supplement, as part of the solicitation of acceptances of the Plan, the Debtors have sent to you copies of (1) the Plan; (2) the Disclosure Statement; (3) the notice of, among other things, the time for submitting Ballots to accept or reject the Plan, the date, time and place of the hearing to consider confirmation of the Plan and related matters, and the time for filing objections to confirmation of the Plan (the "Confirmation Hearing Notice"); and (4) one or more Ballots (and return envelopes) to be used by you in voting to accept or to reject the Plan.

## **Voting Procedures, Ballots and Voting Deadline**

After carefully reviewing the Plan, the Disclosure Statement, this Supplement and the detailed instructions accompanying your Ballots, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the Ballots you have received previously. You must complete and sign your original Ballots (copies will not be accepted) and return it in the envelope provided.

Each Ballot has been coded to reflect the Class of Claims it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded Ballot or Ballots sent to you with the Disclosure Statement.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOTS MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOTS AND RECEIVED NO LATER THAN SEPTEMBER 6, 2001, AT 4:00 P.M. (PACIFIC TIME) (THE "LENDER VOTING DEADLINE") BY ROBERT L. BERGER & ASSOCIATES, LLC (THE "VOTING AGENT"). DO NOT RETURN DEBT INSTRUMENTS WITH YOUR BALLOT.

**If you have already returned your ballots to the Voting Agent and desire to change your votes based on the additional information provided in this Supplement and the Modification,** or if you have any questions about (1) the procedure for voting your Claims or with respect to the packet of materials that you have received or (2) the amount of your Claim, or if you wish to obtain, at your own expense, unless otherwise specifically required by Federal Rule of Bankruptcy Procedure 3017(d), an additional copy of the Plan, this Supplement or any appendices or exhibits to such documents, please contact:

Washington Group International, Inc.  
c/o Robert L. Berger & Associates, LLC  
PMB 1007  
10351 Santa Monica Boulevard, Suite 101A  
Los Angeles, CA 90025  
Phone: (818) 771-7469  
Fax: (818) 905-6542

FOR FURTHER INFORMATION AND INSTRUCTION ON VOTING TO ACCEPT OR REJECT THE PLAN, SEE SECTION XIII OF THE DISCLOSURE STATEMENT.



### Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to section 1128 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 3017(c), the Bankruptcy Court has scheduled a Confirmation Hearing for September 13, 2001, at 9:00 a.m. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing. Objections to Confirmation of the Plan must be filed with the Bankruptcy Court not later than September 4, 2001.

Dated: August 23, 2001  
Boise, Idaho

WASHINGTON GROUP INTERNATIONAL, INC.  
(for itself and on behalf of the Debtors)

By: /s/ Stephen G. Hanks  
Name: Stephen G. Hanks  
Title: Chief Executive Officer and President

Skadden, Arps, Slate, Meagher & Flom (ILLINOIS)  
David S. Kurtz  
Timothy R. Pohl  
333 W. Wacker Drive  
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(312) 407-0700

-and-

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP  
Gregg M. Galardi  
One Rodney Square  
P.O. Box 636  
Wilmington, Delaware 19899-0636  
(302) 651-3000

-and-

LIONEL, SAWYER & COLLINS

/s/ Jennifer Smith  
Jennifer Smith (State Bar No. 610)  
Etta L. Walker (State Bar No. 5537)  
1100 Bank of America Plaza  
50 W. Liberty Street  
Reno, Nevada 89501  
(775) 788-8666

Attorneys for Debtors and Debtors-in-Possession

PLEASE REFER TO EXHIBIT B OF THE ORDER

# EXHIBIT

C-1

**Washington Group International, Inc.**  
**Projected Financial Statements Index**

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**WASHINGTON GROUP INTERNATIONAL, INC.**  
**2002 - 2004 FINANCIAL PLAN**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(In thousands)*

	1997 Actual Total	1998 Actual Total	1999 Actual Total	2000 Actual Total	2001 Fest Total	2002 Plan Total	2003 Plan Total	2004 Plan Total
Revenue	1,687,044	1,907,941	2,304,402	3,213,437	3,645,849	3,146,639	3,211,399	3,575,391
Cost of revenue	(1,590,565)	(1,806,981)	(2,180,314)	(3,130,600)	(3,603,786)	(3,003,805)	(3,042,957)	(3,371,730)
Normalized Profit	-	-	-	56,000	75,394	33,253	842	800
Gross Profit	96,479	100,960	124,088	138,837	117,456	176,087	169,284	204,461
Management Adjustment	-	-	-	-	-	(25,000)	-	-
General and administrative expenses	(22,910)	(24,202)	(25,999)	(37,859)	(48,201)	(45,000)	(40,000)	(40,000)
Goodwill	(3,578)	(3,597)	(12,576)	(42,005)	(77,610)	-	-	-
Merger and reorganization costs	-	-	-	(14,359)	(48,293)	-	-	-
Operating Income	69,991	73,162	85,512	44,613	(56,648)	106,087	129,284	164,461
Investment Income	9,075	5,774	3,429	10,567	12,846	3,812	3,796	3,795
Interest Expense	(891)	(869)	(7,642)	(38,795)	(64,328)	(19,953)	(14,871)	(12,563)
Net gain on bankruptcy	-	-	-	-	242,526	-	-	-
Other Income (expense), net	(1,118)	3,757	9,681	1,269	(11,066)	-	-	-
Income before income taxes and minority interests	77,057	81,823	90,981	17,654	123,331	89,946	118,209	155,673
Income tax expense	(34,540)	(35,460)	(33,911)	(8,012)	(3,621)	(35,978)	(47,284)	(62,269)
Minority interests in income of consolidated subsidiaries	(10,485)	(8,810)	(8,785)	(9,152)	(15,508)	(9,929)	(9,976)	(10,567)
Net Income	32,031	37,553	48,285	490	104,201	44,039	60,949	82,837

**EBITDA:**

Net Income	44,039	60,949	82,837
Interest expense	19,953	14,871	12,563
Taxes	35,978	47,284	62,269
Depreciation & Amortization	63,500	43,100	33,400
Normal profit	(35,647)	(842)	(800)
EBITDA	127,823	165,362	190,289

WASHINGTON GROUP INTERNATIONAL, INC.  
2002 - 2004 FINANCIAL PLAN  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(in thousands)

	2000 Actual Total	2001 Fest Total	2002 Plan Total	2003 Plan Total	2004 Plan Total
<b>NEW WORK</b>					
Power	229,674	378,102	634,162	855,025	1,007,803
Infrastructure & Mining	1,878,269	726,582	1,176,415	1,129,435	1,283,419
Industrial/Process (incl PetroChem)	665,001	721,228	852,400	1,016,100	1,189,500
Government	273,945	759,539	496,234	671,052	691,389
Corporate	(2,948)	(6,522)	-	-	-
Total	2,944,141	2,608,128	3,159,211	3,672,622	4,162,211
<b>ENDING BACKLOG</b>					
Power	1,506,805	377,000	542,336	795,984	1,003,291
Power De-Bookings	-	(909,000)	-	-	-
Infrastructure & Mining	1,852,779	1,594,316	1,606,298	1,744,987	1,913,755
Industrial/Process (incl PetroChem)	806,950	651,509	553,709	631,309	806,709
P/C De-Bookings (Sale & Reop)	-	(100,000)	-	-	-
Government	1,362,860	903,934	606,987	678,275	703,520
Government De-Bookings (EMD)	-	(247,200)	-	-	-
Corporate	-	-	-	-	-
Total	5,538,394	3,346,755	3,359,332	3,650,555	4,427,375
<b>REVENUE</b>					
Power	515,740	600,667	498,825	602,379	800,496
Infrastructure & Mining	827,495	1,085,102	1,074,433	990,746	1,094,551
Industrial/Process (incl PetroChem)	874,648	965,798	870,200	934,500	1,014,200
Government	998,502	1,000,346	713,181	875,774	686,044
Corporate	(2,948)	(6,253)	-	-	-
Total	3,213,437	3,645,649	3,146,639	3,211,399	3,575,391
<b>GROSS PROFIT</b>					
Power	18,715	(6,040)	10,152	20,291	36,929
Infrastructure & Mining	52,298	75,550	84,706	67,891	77,280
Industrial/Process (incl PetroChem)	24,450	4,757	32,300	37,400	43,600
Government	33,287	47,418	52,295	47,816	50,672
Corporate	12,087	(4,028)	(3,375)	(3,814)	(4,000)
Management Adjustment	-	-	(225,000)	-	-
Total	138,537	117,456	151,087	169,294	204,451
<b>OTHER INCOME/(EXPENSE)</b>					
General and administrative expenses	(37,859)	(48,201)	(45,000)	(40,000)	(40,000)
Goodwill amortization	(42,005)	(77,510)	-	-	-
Merger and reorganization costs	(14,356)	(48,283)	-	-	-
Investment income	10,567	12,846	3,812	3,795	3,795
Interest expense	(38,785)	(64,328)	(19,953)	(14,877)	(12,583)
Net gain in bankruptcy	-	242,525	-	-	-
Other income (expense), net	1,259	(11,056)	-	-	-
Income before income taxes and minority interests	17,854	123,331	89,945	119,209	155,673
Income tax expense	(8,012)	(3,821)	(35,978)	(47,284)	(52,289)
Minority interests in income of consolidated subsidiaries	(9,152)	(15,508)	(9,323)	(9,975)	(10,557)
Net Income	490	104,201	44,639	60,949	82,837

**WASHINGTON GROUP INTERNATIONAL, INC.**  
**2002 - 2004 FINANCIAL PLAN**  
**CONSOLIDATED BALANCE SHEETS**  
*(in thousands)*

	2001 Forecast	2002 Plan	2003 Plan	2004 Plan
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	78,683	75,426	112,304	141,110
Accounts receivable including retentions	404,856	360,873	413,561	492,174
Unbilled receivables	313,489	298,037	291,310	341,519
Inventories	2,996	3,146	3,046	2,996
Refundable income taxes	3,722	3,722	3,722	3,722
Investments in joint ventures	46,795	36,873	23,146	27,246
Deferred income taxes	-	-	-	-
Other current assets	81,283	27,004	28,271	28,855
<b>Total current assets</b>	<b>931,824</b>	<b>805,081</b>	<b>875,360</b>	<b>1,037,622</b>
<b>Investments and other assets</b>				
Marketable securities	-	-	-	-
Equity in subs & affiliates / investments	-	-	-	-
in mining ventures	76,974	83,809	78,909	67,509
Goodwill	561,090	561,090	561,090	561,090
Deferred non-current income taxes	-	30,114	24,281	18,447
Other non-current assets	18,067	-	-	-
<b>Total investments and other assets</b>	<b>656,131</b>	<b>675,013</b>	<b>664,280</b>	<b>647,046</b>
<b>Property and equipment, net</b>	<b>196,358</b>	<b>137,698</b>	<b>127,699</b>	<b>130,767</b>
<b>Total Assets</b>	<b>1,786,313</b>	<b>1,617,792</b>	<b>1,667,339</b>	<b>1,815,435</b>

**LIABILITIES & STOCKHOLDERS' EQUITY**

<b>Current Liabilities</b>				
Current portion of long-term debt	-	-	-	-
Accounts and subcontracts payable	301,466	302,186	318,745	352,575
Billings in excess of cost	359,138	154,938	152,689	160,868
Estimated costs to complete	56,606	51,364	46,480	49,065
Accrued salaries, wages and benefits	99,123	102,417	101,624	104,649
Income taxes payable	429	1,595	1,800	1,624
Accrued liabilities	113,674	99,003	96,539	85,622
<b>Total current liabilities</b>	<b>930,436</b>	<b>711,503</b>	<b>717,687</b>	<b>754,403</b>
<b>Non-current liabilities</b>				
Long-term debt	-	-	-	-
Revolving working capital facility	50,000	45,000	-	-
Accrued workers' compensation	55,792	55,787	55,789	55,790
Pension, def. comp. & post-ret. benefit obligation	114,102	111,952	111,102	111,102
Environmental liabilities	4,300	4,307	4,307	4,307
Deferred income taxes	35,000	59,955	84,336	111,948
Other non-current liabilities	17,678	16,369	16,230	16,230
<b>Total Liabilities</b>	<b>276,872</b>	<b>293,370</b>	<b>271,764</b>	<b>299,377</b>
<b>Minority Interest</b>	<b>79,005</b>	<b>68,881</b>	<b>72,901</b>	<b>73,831</b>
<b>Total stockholder's equity</b>	<b>500,000</b>	<b>544,038</b>	<b>604,987</b>	<b>687,824</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,786,313</b>	<b>1,617,792</b>	<b>1,667,339</b>	<b>1,815,435</b>

WASHINGTON GROUP INTERNATIONAL, INC.  
2001 Forecast  
COMBINING BALANCE SHEETS  
(in thousands)

ASSETS	2001	2001	2001	2001	2001	2001
	Power	Infra	UP/PP/C	Gov Serv	Corporate	Total
	Total	Total	Total	Total	Total	
Current assets						
Cash and cash equivalents	2,823	11,707	8,307	11,291	44,755	78,683
Accounts receivable including retentions	45,189	127,539	144,319	86,394	1,416	404,856
Unbilled receivables	20,929	82,381	155,700	54,468	346	313,489
Inventories	-	-	-	2,650	346	2,996
Refundable income taxes	-	-	-	1,022	3,722	3,722
Investments in joint ventures	-	44,327	-	-	1,446	46,795
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	16,151	22,208	2,828	40,096	81,283
Total current assets	68,741	282,113	330,553	158,654	91,781	931,624
Investments and other assets						
Marketable Securities	-	-	-	-	-	-
Equity in subs. & affiliates / investments in mining ventures	-	76,974	-	-	-	76,974
Goodwill	-	746	-	-	-	561,090
Deferred non-current income taxes	-	-	-	235,671	324,673	18,067
Other non-current assets	-	-	-	12,437	5,249	655,131
Total investments and other assets	-	78,101	-	248,108	329,922	198,358
Property and equipment, net	7,389	158,389	14,012	7,248	11,310	1,786,313
Total Assets	76,130	518,615	344,565	414,010	433,013	1,786,313

LIABILITIES & STOCKHOLDERS' EQUITY	2001	2001	2001	2001	2001	2001
Current liabilities						
Current portion of long-term debt	30,244	59,229	111,752	32,830	67,311	301,466
Accounts and subcontracts payable	7,000	170,952	145,134	18,265	17,787	359,138
Billings in excess of cost	11,000	4,485	16,300	24,821	-	56,606
Estimated costs to complete	-	12,083	12,725	9,124	54,191	99,123
Accrued salaries, wages and benefits	-	4,429	-	-	-	429
Income taxes payable	6,900	(2,920)	-	8,051	101,633	113,674
Accrued liabilities	-	244,298	285,911	83,201	240,922	930,436
Total current liabilities	66,144	-	-	-	-	-
Non-current liabilities						
Revolving working capital facility	-	-	-	-	50,000	50,000
Accrued workers' compensation	-	-	-	3,667	52,125	55,792
Pension, def. comp. & post-ret. benefit obligations	-	-	-	89,350	24,752	114,102
Environmental liabilities	-	-	-	325	3,975	4,300
Deferred income taxes	-	-	-	-	35,000	35,000
Other non-current liabilities	-	1,129	-	7,808	8,641	17,678
Total non-current liabilities	-	1,129	-	101,250	174,493	276,872
Minority interest	-	14,457	-	64,548	-	79,005
Total stockholder's equity	9,986	258,711	58,634	155,011	17,596	500,090
TOTAL LIABILITIES & EQUITY	76,130	518,615	344,565	414,010	433,013	1,786,313



WASHINGTON GROUP INTERNATIONAL, INC.  
2002 Plan  
COMBINING BALANCE SHEETS  
(In thousands)

ASSETS	2002	2002	2002	2002	2002
	Power	Infra	IPP(P/C)	Gov Serv	Corporate
	Total	Total	Total	Total	Total
Current assets:					
Cash and cash equivalents	2,623	5,803	(2,400)	8,230	61,170
Accounts receivable including retentions	56,947	89,808	147,200	65,502	1,418
Unbilled receivables	28,821	53,204	161,700	54,312	-
Inventories	-	-	-	2,800	346
Refundable income taxes	-	-	-	-	3,722
Investments in joint ventures	-	34,277	-	1,150	1,446
Deferred income taxes	-	-	10,100	2,411	4,144
Other current assets	-	10,349	-	134,205	72,244
Total current assets	88,381	193,447	316,600	234,820	439,705
Investments and other assets					
Marketable Securities	-	-	-	-	-
Equity in subs & affiliates / investments in mining ventures	-	83,809	-	-	-
Goodwill	-	476	-	222,003	336,611
Deferred non-current income taxes	-	-	-	-	16,916
Other non-current assets	-	381	-	12,817	355,527
Total investments and other assets	-	84,666	-	234,820	11,934
Property and equipment, net	6,279	97,761	15,400	6,324	-
Total Assets	94,670	375,808	332,000	375,549	1,617,792

LIABILITIES & STOCKHOLDERS' EQUITY	2002	2002	2002	2002	2002
	Power	Infra	IPP(P/C)	Gov Serv	Corporate
	Total	Total	Total	Total	Total
Current Liabilities					
Current portion of long-term debt	47,082	54,907	104,500	28,386	67,311
Accounts and subcontracts payable	8,500	26,861	93,300	8,470	17,787
Billings in excess of cost	10,000	1,893	16,300	23,131	-
Estimated costs to complete	12,500	11,843	12,700	11,183	54,191
Accrued salaries, wages and benefits	-	1,385	-	-	92,488
Income taxes payable	5,400	(3,518)	-	4,655	-
Accrued liabilities	-	-	-	75,825	231,755
Total current liabilities	83,482	93,641	228,800	75,825	45,000
Non-current liabilities					
Revolving working capital facility	-	-	-	-	53,565
Accrued workers' compensation	-	-	-	2,222	24,752
Pension, def. comp. & post-ret. benefit obligations	-	-	-	87,200	3,975
Environmental liabilities	-	-	-	332	58,955
Deferred income taxes	-	163	-	7,565	8,641
Other non-current liabilities	-	-	-	-	195,888
Total non-current liabilities	-	163	-	97,319	-
Minority interest	-	11,171	-	57,710	-
Total stockholder's equity	11,188	270,893	105,200	144,695	12,062
TOTAL LIABILITIES & EQUITY	94,670	375,868	332,000	375,549	1,617,792

WASHINGTON GROUP INTERNATIONAL, INC.  
2003 Plan  
COMBINING BALANCE SHEETS  
(in thousands)

	2003		2003		2003		2003		2003	
	Power	Total	Infra	Total	UP(P/C)	Total	Gov Serv	Total	Corporate	Total
<b>ASSETS</b>										
<b>Current assets</b>										
Cash and cash equivalents	2,623		(1,009)		36,200		8,378		66,712	112,304
Accounts receivable including retentions	66,322		88,385		153,800		63,638		41,476	413,561
Unbilled receivables	35,481		51,415		167,800		36,614		-	291,310
Inventories	-		-		-		2,700		346	3,046
Refundable income taxes	-		-		-		2,500		3,722	23,146
Investments in joint ventures	-		19,200		-		-		1,446	-
Deferred income taxes	-		-		-		-		-	-
Other current assets	-		11,282		10,100		2,745		4,144	28,271
<b>Total current assets</b>	<b>104,426</b>		<b>168,673</b>		<b>367,900</b>		<b>118,575</b>		<b>117,766</b>	<b>875,360</b>
<b>Investments and other assets</b>										
Marketable Securities	-		-		-		-		-	-
Equity in subs & affiliates / Investments in mining ventures	-		78,909		-		-		-	78,909
Goodwill	-		207		-		-		11,083	561,090
Deferred non-current income taxes	-		-		-		12,817		-	-
Other non-current assets	-		381		-		-		-	-
<b>Total investments and other assets</b>	<b>-</b>		<b>79,497</b>		<b>-</b>		<b>221,152</b>		<b>365,637</b>	<b>664,280</b>
<b>Property and equipment, net</b>	<b>5,278</b>		<b>89,002</b>		<b>15,400</b>		<b>5,899</b>		<b>12,120</b>	<b>127,659</b>
<b>Total Assets</b>	<b>109,704</b>		<b>337,172</b>		<b>383,300</b>		<b>343,626</b>		<b>493,537</b>	<b>1,667,339</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>										
<b>Current Liabilities</b>										
Current portion of long-term debt	-	57,578	-	50,204	-	114,300	-	29,352	-	67,311
Accounts and subcontracts payable	9,000		22,473		97,300		6,129		17,787	318,745
Billings in excess of cost	10,000		1,948		16,300		18,242		-	152,669
Estimated costs to complete	13,500		8,916		12,700		12,317		54,191	46,490
Accrued salaries, wages and benefits	-		1,600		-		-		-	101,624
Income taxes payable	4,400		3,397		-		6,276		82,466	1,600
Accrued liabilities	<b>94,478</b>		<b>88,538</b>		<b>240,600</b>		<b>72,316</b>		<b>221,755</b>	<b>96,539</b>
<b>Total current liabilities</b>										
<b>Non-current liabilities</b>										
Revolving working capital facility	-		-		-		-		-	-
Accrued workers' compensation	-		-		-		784		55,005	55,799
Pension, def. comp. & post-ret. benefit obligations	-		-		-		88,350		24,752	111,102
Environmental liabilities	-		-		-		332		3,975	4,307
Deferred income taxes	-		-		-		-		84,336	94,336
Other non-current liabilities	-		113		-		7,476		8,641	16,230
<b>Total non-current liabilities</b>	<b>-</b>		<b>113</b>		<b>-</b>		<b>94,942</b>		<b>176,709</b>	<b>271,764</b>
<b>Minority interest</b>	<b>-</b>		<b>16,831</b>		<b>-</b>		<b>56,070</b>		<b>-</b>	<b>72,901</b>
<b>Total stockholder's equity</b>	<b>15,226</b>		<b>237,690</b>		<b>142,700</b>		<b>120,298</b>		<b>95,073</b>	<b>604,987</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>109,704</b>		<b>337,172</b>		<b>383,300</b>		<b>343,626</b>		<b>493,537</b>	<b>1,667,339</b>

WASHINGTON GROUP INTERNATIONAL, INC.  
2004 Plan  
COMBINING BALANCE SHEETS  
(in thousands)

ASSETS	2004 Power Total	2004 Infra Total	2004 UP Total	2004 Gov Serv Total	2004 Corporate Total	2004 Total
Current assets						
Cash and cash equivalents	2,823	(1,569)	81,100	8,433	50,523	141,110
Accounts receivable including retentions	83,527	97,282	159,600	70,349	81,418	492,174
Unbilled receivables	47,150	73,837	174,000	46,432	-	341,519
Inventories	-	-	-	2,850	346	2,996
Refundable income taxes	-	-	-	4,000	3,722	3,722
Investments in joint ventures	-	21,806	-	-	1,446	27,246
Deferred income taxes	-	-	10,100	-	-	-
Other current assets	-	11,842	-	2,769	4,144	28,855
Total current assets	133,500	203,292	424,800	134,533	141,597	1,037,622
Investments and other assets						
Marketable Securities	-	-	-	-	-	-
Equity in subs & affiliates / investments in mining ventures	-	67,509	-	-	-	67,509
Goodwill	-	-	-	194,667	366,423	561,090
Deferred non-current income taxes	-	-	-	-	5,249	18,447
Other non-current assets	-	381	-	12,817	-	647,046
Total investments and other assets	-	67,890	-	207,484	371,672	130,767
Property and equipment, net	4,278	93,317	15,400	5,652	12,120	115,767
Total Assets	137,778	364,499	440,200	347,769	525,389	1,815,435

LIABILITIES & STOCKHOLDERS' EQUITY

Current Liabilities	2004 Power Total	2004 Infra Total	2004 UP Total	2004 Gov Serv Total	2004 Corporate Total	2004 Total
Current portion of long-term debt	76,344	\$5,845	121,300	31,775	67,311	352,575
Accounts and subcontracts payable	9,500	21,498	103,600	8,483	17,787	160,868
Billings in excess of cost	10,000	1,957	16,300	20,808	-	49,065
Estimated costs to complete	14,500	10,125	12,700	13,133	54,191	104,649
Accrued salaries, wages and benefits	-	1,624	-	6,029	72,466	80,622
Income taxes payable	3,400	3,727	-	80,228	211,755	794,403
Accrued liabilities	113,744	94,776	253,800	-	-	-
Total current liabilities	-	-	-	-	-	-
Non-current liabilities						
Revolving working capital facility	-	-	-	-	55,777	55,780
Accrued workers' compensation	-	-	-	13	24,752	111,702
Pension, def. comp. & post-ret. benefit obligations	-	-	-	86,350	3,875	4,307
Environmental liabilities	-	-	-	332	111,948	111,948
Deferred income taxes	-	-	-	7,476	8,641	16,230
Other non-current liabilities	-	113	-	-	-	-
Total non-current liabilities	-	113	-	94,171	205,093	299,377
Minority interest	-	22,893	-	50,938	-	73,831
Total stockholder's equity	23,834	246,717	186,300	122,432	108,541	687,824
TOTAL LIABILITIES & EQUITY	137,578	364,499	440,200	347,769	525,389	1,815,435

**WASHINGTON GROUP INTERNATIONAL, INC.**  
**Business Plan**  
**POWER BALANCE SHEETS**  
*(in thousands)*

	ASSETS			
	2001	2002	2003	2004
	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
<b>Current assets</b>				
Cash and cash equivalents	2,623	2,623	2,623	2,623
Accounts receivable including retentions	45,189	56,947	66,322	83,527
Unbilled receivables	20,929	28,621	35,481	47,150
Inventories	-	-	-	-
Refundable income taxes	-	-	-	-
Investments in joint ventures	-	-	-	-
Deferred income taxes	-	-	-	-
Other current assets	-	-	-	-
<b>Total current assets</b>	<b>68,741</b>	<b>88,391</b>	<b>104,426</b>	<b>133,300</b>
<b>Investments and other assets</b>				
Marketable Securities	-	-	-	-
Equity in subs & affiliates / investments in marketing ventures	-	-	-	-
Goodwill	-	-	-	-
Deferred non-current income taxes	-	-	-	-
Other non-current assets	-	-	-	-
<b>Total investments and other assets</b>	<b>7,389</b>	<b>6,279</b>	<b>5,278</b>	<b>4,278</b>
<b>Property and equipment, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>76,130</b>	<b>94,670</b>	<b>109,704</b>	<b>137,578</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Current portion of long-term debt	-	-	-	-
Accounts and subcontracts payable	30,244	47,082	57,578	76,344
Billings in excess of cost	7,000	8,500	9,000	9,500
Estimated costs to complete	11,000	10,000	10,000	10,000
Accrued salaries, wages and benefits	11,000	12,500	13,500	14,500
Income taxes payable	-	-	-	-
Accrued liabilities	6,900	5,400	4,400	3,400
<b>Total current liabilities</b>	<b>66,144</b>	<b>83,482</b>	<b>94,478</b>	<b>113,744</b>
<b>Non-current liabilities</b>				
Revolving working capital facility	-	-	-	-
Accrued workers' compensation	-	-	-	-
Pension, def. comp. & post-ret. benefit obligations	-	-	-	-
Environmental liabilities	-	-	-	-
Deferred income taxes	-	-	-	-
Other non-current liabilities	-	-	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Minority Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total stockholder's equity</b>	<b>9,986</b>	<b>11,188</b>	<b>15,226</b>	<b>23,834</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>76,130</b>	<b>94,670</b>	<b>109,704</b>	<b>137,578</b>

WASHINGTON GROUP INTERNATIONAL, INC.  
Business Plan  
INFRASTRUCTURE & MINING BALANCE SHEETS  
(In thousands)

ASSETS	2001	2002	2003	2004
<b>Current assets</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
Cash and cash equivalents	11,707	5,803	(1,569)	(1,569)
Accounts receivable including retentions	127,539	89,808	88,385	97,282
Unbilled receivables	82,391	53,204	51,415	73,937
Inventories	-	-	-	-
Refundable income taxes	-	-	-	-
Investments in joint ventures	44,327	34,277	19,200	21,800
Deferred income taxes	-	-	-	-
Other current assets	16,151	10,349	11,282	11,842
<b>Total current assets</b>	<b>282,115</b>	<b>193,441</b>	<b>168,673</b>	<b>203,292</b>
<b>Investments and other assets</b>				
Marketable Securities	-	-	-	-
Equity in subs. & affiliates / Investments in mining ventures	76,974	83,809	78,909	67,509
Goodwill	746	476	207	-
Deferred non-current income taxes	-	-	-	-
Other non-current assets	381	381	381	381
<b>Total investments and other assets</b>	<b>78,101</b>	<b>84,666</b>	<b>79,497</b>	<b>67,890</b>
<b>Property and equipment, net</b>	<b>158,399</b>	<b>97,761</b>	<b>89,002</b>	<b>93,317</b>
<b>Total Assets</b>	<b>518,615</b>	<b>375,868</b>	<b>337,172</b>	<b>364,499</b>

LIABILITIES & STOCKHOLDERS' EQUITY	2001	2002	2003	2004
<b>Current Liabilities</b>				
Current portion of long-term debt	-	-	-	-
Accounts and subcontracts payable	59,229	54,907	50,204	55,845
Billings in excess of cost	170,992	26,881	22,473	21,498
Estimated costs to complete	4,485	1,933	1,948	1,957
Accrued salaries, wages and benefits	12,083	11,843	8,916	10,125
Income taxes payable	429	1,595	1,600	1,624
Accrued liabilities	(2,920)	(3,518)	3,397	3,727
<b>Total current liabilities</b>	<b>244,298</b>	<b>93,641</b>	<b>88,538</b>	<b>94,776</b>
<b>Non-current liabilities</b>				
Revolving working capital facility	-	-	-	-
Accrued workers' compensation	-	-	-	-
Pension, def. comp. & post-ret. benefit obligations	-	-	-	-
Environmental liabilities	-	-	-	-
Deferred income taxes	-	-	-	-
Other non-current liabilities	1,129	163	113	113
<b>Total non-current liabilities</b>	<b>1,129</b>	<b>163</b>	<b>113</b>	<b>113</b>
<b>Minority Interest</b>	<b>14,457</b>	<b>11,171</b>	<b>16,831</b>	<b>22,893</b>
<b>Total stockholder's equity</b>	<b>258,771</b>	<b>270,893</b>	<b>231,690</b>	<b>246,717</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>518,615</b>	<b>375,868</b>	<b>337,172</b>	<b>364,499</b>

WASHINGTON GROUP INTERNATIONAL, INC.  
Business Plan  
INDUSTRIAL PROCESS BALANCE SHEETS  
(In thousands)

ASSETS	2001	2002	2003	2004
	Total	Total	Total	Total
<b>Current assets</b>				
Cash and cash equivalents	8,307	(2,400)	36,200	81,100
Accounts receivable including retentions	144,318	147,200	153,800	159,600
Unbilled receivables	155,700	161,700	167,800	174,000
Inventories	-	-	-	-
Refundable income taxes	-	-	-	-
Investments in joint ventures	-	-	-	-
Deferred income taxes	-	-	-	-
Other current assets	22,208	10,100	10,100	10,100
<b>Total current assets</b>	<b>330,533</b>	<b>316,600</b>	<b>367,900</b>	<b>424,800</b>
<b>Investments and other assets</b>				
Marketable Securities	-	-	-	-
Equity in subs & affiliates / Investments in mining ventures	-	-	-	-
Goodwill	-	-	-	-
Deferred non-current income taxes	-	-	-	-
Other non-current assets	-	-	-	-
<b>Total investments and other assets</b>	<b>14,012</b>	<b>15,400</b>	<b>15,400</b>	<b>15,400</b>
<b>Total Assets</b>	<b>344,545</b>	<b>332,000</b>	<b>383,300</b>	<b>440,200</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Current portion of long-term debt	-	-	-	-
Accounts and subcontracts payable	111,752	104,500	114,300	121,300
Billings in excess of cost	145,134	93,300	97,300	103,600
Estimated costs to complete	16,300	16,300	16,300	16,300
Accrued salaries, wages and benefits	12,725	12,700	12,700	12,700
Income taxes payable	-	-	-	-
Accrued liabilities	-	-	-	-
<b>Total current liabilities</b>	<b>285,911</b>	<b>226,800</b>	<b>240,600</b>	<b>253,900</b>
<b>Non-current liabilities</b>				
Revolving working capital facility	-	-	-	-
Accrued workers' compensation	-	-	-	-
Pension, def. comp. & post-ret. benefit obligations	-	-	-	-
Environmental liabilities	-	-	-	-
Deferred income taxes	-	-	-	-
Other non-current liabilities	-	-	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Minority interest	-	-	-	-
<b>Total stockholder's equity</b>	<b>58,634</b>	<b>105,200</b>	<b>142,700</b>	<b>186,300</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>344,545</b>	<b>332,000</b>	<b>383,300</b>	<b>440,200</b>

**WASHINGTON GROUP INTERNATIONAL, INC.**  
**Business Plan**  
**GOVERNMENT BALANCE SHEETS**  
*(in thousands)*

ASSETS	2001	2002	2003	2004
	Total	Total	Total	Total
<b>Current assets</b>				
Cash and cash equivalents	11,291	8,230	8,378	8,433
Accounts receivable including relations	86,394	65,502	63,638	70,349
Unbilled receivables	54,469	54,312	36,614	46,432
Inventories	2,650	2,800	2,700	2,650
Refundable income taxes	1,022	1,150	2,500	4,000
Investments in joint ventures	-	-	-	-
Deferred income taxes	2,828	2,411	2,745	2,769
Other current assets	-	-	-	-
<b>Total current assets</b>	<b>158,654</b>	<b>134,405</b>	<b>116,575</b>	<b>134,633</b>
<b>Investments and other assets</b>				
Marketable Securities	-	-	-	-
Equity in subs & affiliates / Investments in mining ventures	235,671	222,003	208,335	194,667
Goodwill	-	-	-	-
Deferred non-current income taxes	12,437	12,817	12,817	12,817
Other non-current assets	248,108	234,820	221,152	207,484
<b>Total investments and other assets</b>	<b>7,248</b>	<b>6,324</b>	<b>5,899</b>	<b>5,652</b>
<b>Property and equipment, net</b>				
<b>Total Assets</b>	<b>414,010</b>	<b>375,549</b>	<b>343,626</b>	<b>347,769</b>

LIABILITIES & STOCKHOLDERS' EQUITY	2001	2002	2003	2004
	Total	Total	Total	Total
<b>Current Liabilities</b>				
Current portion of long-term debt	32,930	28,386	29,352	31,775
Accounts and subcontracts payable	18,265	8,470	6,129	8,483
Billings in excess of cost	24,821	23,131	18,242	20,808
Estimated costs to complete	9,124	11,183	12,317	13,133
Accrued salaries, wages and benefits	-	-	-	-
Income taxes payable	8,061	4,655	6,276	6,029
Accrued liabilities	-	-	-	-
<b>Total current liabilities</b>	<b>93,201</b>	<b>75,825</b>	<b>72,316</b>	<b>80,228</b>
<b>Non-current liabilities</b>				
Revolving working capital facility	-	-	-	-
Accrued workers' compensation	3,667	2,222	784	13
Pension, def. comp. & post-ret. benefit obligations	89,350	87,200	86,350	86,350
Environmental liabilities	325	332	332	332
Deferred income taxes	-	-	-	-
Other non-current liabilities	7,908	7,565	7,476	7,476
<b>Total non-current liabilities</b>	<b>101,250</b>	<b>97,319</b>	<b>94,942</b>	<b>94,171</b>
<b>Minority Interest</b>				
Total stockholder's equity	64,548	57,710	56,070	50,938
	155,011	144,695	120,298	122,432
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>414,010</b>	<b>375,549</b>	<b>343,626</b>	<b>347,769</b>

WASHINGTON GROUP INTERNATIONAL, INC.  
Business Plan  
CORPORATE BALANCE SHEETS  
(In thousands)

ASSETS	2001	2002	2003	2004
	Total	Total	Total	Total
<b>Current assets</b>				
Cash and cash equivalents	44,755	61,170	66,712	50,523
Accounts receivable including retentions	1,416	1,416	41,416	81,416
Unbilled receivables	-	-	-	-
Inventories	346	346	346	346
Refundable income taxes	3,722	3,722	3,722	3,722
Investments in joint ventures	1,446	1,446	1,446	1,446
Deferred income taxes	-	-	-	-
Other current assets	40,096	4,144	4,144	4,144
<b>Total current assets</b>	<b>91,781</b>	<b>72,244</b>	<b>117,786</b>	<b>141,597</b>
<b>Investments and other assets</b>				
Marketable Securities	-	-	-	-
Equity in subs & affiliates / Investments in mining ventures	-	-	-	-
Goodwill	324,673	338,611	352,548	366,423
Deferred non-current income taxes	-	16,916	-	-
Other non-current assets	5,249	355,527	11,083	5,249
<b>Total investments and other assets</b>	<b>329,922</b>	<b>366,531</b>	<b>363,631</b>	<b>371,672</b>
<b>Property and equipment, net</b>	<b>11,310</b>	<b>11,934</b>	<b>12,120</b>	<b>12,120</b>
<b>Total Assets</b>	<b>433,013</b>	<b>439,705</b>	<b>493,537</b>	<b>525,389</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Current portion of long-term debt	-	-	-	-
Accounts and subcontracts payable	67,311	67,311	67,311	67,311
Billings in excess of cost	17,787	17,787	17,787	17,787
Estimated costs to complete	-	-	-	-
Accrued salaries, wages and benefits	54,191	54,191	54,191	54,191
Income taxes payable	-	-	-	-
Accrued liabilities	101,633	92,466	82,466	72,466
<b>Total current liabilities</b>	<b>240,922</b>	<b>231,755</b>	<b>221,755</b>	<b>211,755</b>
<b>Non-current liabilities</b>				
Revolving working capital facility	50,000	45,000	-	-
Accrued workers' compensation	52,125	53,565	55,005	56,777
Pension, def. comp. & post-ret. benefit obligations	24,752	24,752	24,752	24,752
Environmental liabilities	3,975	3,975	3,975	3,975
Deferred income taxes	35,000	59,955	84,336	111,948
Other non-current liabilities	8,641	8,641	8,641	8,641
<b>Total non-current liabilities</b>	<b>174,493</b>	<b>195,888</b>	<b>176,709</b>	<b>205,093</b>
<b>Minority Interest</b>	-	-	-	-
<b>Total stockholder's equity</b>	<b>17,598</b>	<b>12,062</b>	<b>95,073</b>	<b>108,541</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>433,013</b>	<b>439,705</b>	<b>493,537</b>	<b>525,389</b>



**Washington Group International, Inc.**  
**Consolidated Statements of Cash Flow**  
(In millions of dollars)

	2002	2003	2004
<b>Operating activities</b>			
Net Income	44.0	60.9	82.8
Depreciation	63.5	43.1	33.4
Goodwill amortization	-	-	-
Change in working capital components	(95.4)	(27.2)	(96.7)
Other	(7.5)	38.2	45.7
Cash provided by operations	4.6	115.1	65.2
<b>Investing activities</b>			
Property and equipment additions	(43.2)	(38.2)	(36.4)
Property and equipment disposals	40.3	5.1	-
Cash provided by investing activities	(2.9)	(33.1)	(36.4)
<b>Financing activities</b>			
Net borrowing/(repayment) on credit facility	(5.0)	(45.0)	-
Cash provided by financing activities	(5.0)	(45.0)	-
Increase (decrease) in cash	(3.3)	37.0	28.8
Beginning cash balance	78.7	75.4	112.3
Ending cash balance	75.4	112.3	141.1

Note: Net income of Groups includes the effect of cash transfers to and from Corporate

**Washington Group International, Inc.**  
**2002 Plan**  
**Combining Statements of Cash Flow**  
(in millions of dollars)

	2002	2002	2002	2002	2002
	Power	Infra	I/P (+P/C)	Gov Serv	Corporate
	Total	Total	Total	Total	Total
Operating activities					
Net Income	10.1	84.7	32.3	52.3	(135.4)
Depreciation	1.1	53.1	4.5	1.8	3.0
Goodwill amortization	-	0.3	-	13.7	(13.9)
Recognition of normalized profit	-	(29.2)	(3.0)	(3.5)	26.8
Change in working capital components	(2.3)	(38.6)	(52.9)	7.3	14.7
Other	-	(11.0)	-	(11.2)	-
Cash provided by operations	8.9	59.2	(19.1)	60.4	(104.8)
Investing activities					
Property and equipment additions	-	(32.8)	(5.9)	(0.9)	(3.6)
Property and equipment disposals	-	40.3	-	-	-
Cash provided by investing activities	-	7.5	(5.9)	(0.9)	(3.6)
Financing activities					
Net borrowing/(repayment) on credit facility	-	-	-	-	(5.0)
Net inter Group/Corporate cash transfers	(8.9)	(72.6)	14.3	(62.6)	129.8
Cash provided by Financing activities	(8.9)	(72.6)	14.3	(62.6)	124.8
Increase (decrease) in cash	(0.0)	(5.9)	(10.7)	(3.1)	16.4
Beginning cash balance	2.6	11.7	8.3	11.3	44.8
Ending cash balance	2.6	5.8	(2.4)	8.2	61.1
					75.4

(1) Group "net income" is gross profit as presented in the statements of operations.

(2) Corporate net income includes all components of net income other than Group gross profit (ie: Corporate G&A, other income and expense, interest expense, income taxes and minority interest).

(3) "Net inter group/corporate cash transfers" are reflected as "financing activities."

Washington Group International, Inc.  
2003 Plan  
Combining Statements of Cash Flow  
(in millions of dollars)

	2003	2003	2003	2003	2003	2003
	Power	Infra	I/P (+P/C)	Gov Serv	Corporate	Total
	Total	Total	Total	Total	Total	Total
Operating activities						
Net income	20.3	67.6	37.4	47.8	(112.2)	60.9
Depreciation	1.0	33.6	4.0	1.5	3.0	43.1
Goodwill amortization	-	0.3	-	13.7	(13.9)	-
Recognition of normalized profit	-	0.8	-	-	-	0.8
Change in working capital components	(5.0)	11.5	1.1	14.5	(50.0)	(28.0)
Other	-	10.5	-	(4.0)	31.7	38.2
Cash provided by operations	16.3	124.2	42.5	73.5	(141.4)	115.1
Investing activities						
Property and equipment additions	-	(29.9)	(4.0)	(1.1)	(3.2)	(38.2)
Property and equipment disposals	-	5.1	-	-	-	5.1
Cash provided by investing activities	-	(24.8)	(4.0)	(1.1)	(3.2)	(33.1)
Financing activities						
Net borrowing/(repayment) on credit facility	-	-	-	-	(45.0)	(45.0)
Net inter Group/Corporate cash transfers	(16.3)	(106.9)	0.1	(72.1)	195.2	-
Cash provided by financing activities	(16.3)	(106.9)	0.1	(72.1)	150.2	(45.0)
Increase (decrease) in cash	(0.0)	(7.5)	38.6	0.3	5.6	37.0
Beginning cash balance	2.6	5.8	(2.4)	8.2	61.1	75.4
Ending cash balance	2.6	(1.6)	36.2	8.4	66.7	112.3

(1) Group "net income" is gross profit as presented in the statements of operations.

(2) Corporate net income includes all components of net income other than Group gross profit (ie: Corporate G&A, other income and expense, interest expense, income taxes and minority interest).

(3) "Net inter group/corporate cash transfers" are reflected as "financing activities."

Washington Group International, Inc.  
2004 Plan  
Combining Statements of Cash Flow  
(in millions of dollars)

	2004	2004	2004	2004	2004	2004
	Power	Infra	I/P (+P/C)	Gov Serv	Corporate	Total
	Total	Total	Total	Total	Total	Total
Operating activities						
Net income	36.9	77.3	43.6	50.7	(125.7)	82.8
Depreciation	1.0	24.1	4.0	1.3	3.0	33.4
Goodwill amortization	-	0.2	-	13.6	(13.8)	-
Recognition of normalized profit	-	-	-	-	-	-
Change in working capital components	(9.6)	(28.3)	1.3	(10.1)	(50.0)	(96.7)
Other	-	17.4	-	(5.9)	34.2	45.7
Cash provided by operations	28.3	90.7	48.9	49.6	(152.3)	65.2
Investing activities						
Property and equipment additions	-	(28.4)	(4.0)	(1.0)	(3.0)	(36.4)
Property and equipment disposals	-	-	-	-	-	-
Cash provided by investing activities	-	(28.4)	(4.0)	(1.0)	(3.0)	(36.4)
Financing activities						
Net borrowing/(repayment) on credit facility	-	-	-	-	-	-
Net inter group/corporate cash transfers	(28.3)	(62.3)	-	(48.6)	139.2	-
Cash provided by financing activities	(28.3)	(62.3)	-	(48.6)	139.2	-
Increase (decrease) in cash	(0.0)	-	44.9	(0.0)	(16.1)	28.8
Beginning cash balance	2.6	(1.6)	36.2	8.4	66.7	112.3
Ending cash balance	2.6	(1.6)	81.1	8.4	50.7	141.2

(1) Group "net income" is gross profit as presented in the statements of operations.

(2) Corporate net income includes all components of net income other than Group gross profit (ie: Corporate G&A, other income and expense, interest expense, income taxes and minority interest).

(3) "Net inter group/corporate cash transfers" are reflected as "financing activities."

# **EXHIBIT**

## **B**

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IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEVADA

In re

Case No. BK-N-01-31627  
Chapter 11

WASHINGTON GROUP  
INTERNATIONAL, INC.,  
et al.,

Debtors.

**MODIFICATION TO SECOND  
AMENDED JOINT PLAN OF  
REORGANIZATION OF WASHINGTON  
GROUP INTERNATIONAL, INC., ET AL.**

Hearing Date: August 28, 2001  
Hearing Time: 2:00 p.m.

Debtors.

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Dated August 23, 2001

The Second Amended Joint Plan of Reorganization of Washington Group International, Inc., et. al. dated as of July 24, 2001 (the "Plan"), is hereby modified by this Modification dated as of

August 23, 2001 (this "Modification") by Washington Group International, Inc. ("WGI") and certain of its affiliates (collectively, the "Affiliate Debtors"), debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors," and together with WGI's non-debtor affiliates, the "Company"), pursuant to 11 U.S.C. § 1127(a), as follows:

1. A new Section 1.17(a) is added as follows:

**"Class 7 Stock Warrants"** has the meaning ascribed thereto in Section 5.15A(b) of this Plan.

2. A new Section 1.23(a) is added as follows:

**"Convenience Claim"** means the Claims of any holder of any General Unsecured Claims, which in the aggregate total \$5,000 or less.

3. Section 1.30 is amended and restated in its entirety as follows:

**"Dilution"** means dilution subsequent to the Effective Date (a) to the extent necessary to give effect to the exercise of the Management Options, the Washington Stock Options and the Class 7 Stock Warrants or (b) otherwise as a result of the issuance of common shares, implementation of other management incentive programs or other action taken by the board of directors of Reorganized WGI.

4. Section 1.35 is amended and restated in its entirety as follows:

**"Disbursing Agent"** means Reorganized WGI or any party designated by Reorganized WGI, in its sole discretion, to serve as a disbursing agent under the Plan, with respect to the distributions of the proceeds from the WGI Creditor Trust means the Trustee, and with respect to the Old Notes means the indenture trustee under the Old Indenture.

5. Section 1.49 is amended and restated in its entirety as follows:

**"General Unsecured Claim"** means a Claim against the Debtors that is not a DIP Facility Claim, Administrative Claim, Priority Tax Claim, Other Priority Claim, Other Secured Claim, Intercompany Claim, Secured Lender Claim, Convenience Claim, or Unimpaired Unsecured Claim, and includes, without limitation, the Old Note Claims, the Raytheon Asserted Claims (if any) and the Lender Deficiency Claims.

6. Section 1.58 is amended and restated in its entirety as follows:

**"Lender Deficiency Claims"** means the unsecured deficiency Claims of each Lender arising under the Pre-Petition Credit Facility Agreements, which Claims shall be deemed Allowed pursuant to this Plan in the amount of \$171 million, which amount will be increased on a dollar for dollar basis if and to the extent that outstanding prepetition letters of credit issued under the Prepetition Secured Credit Facility are drawn before the Effective Date of the Plan.

7. Section 1.65 is amended and restated in its entirety as follows:

**"New Common Shares"** means the common shares of Reorganized WGI authorized under Section 5.5 of this Plan.

8. Section 1.66 is amended and restated in its entirety as follows:

**"New Securities"** means, collectively, the New Common Shares, the Class 7 Stock Warrants, the Management Options and the Washington Stock Options.

9. A new Section 1.80(a) is added as follows:

**"Plan Modification"** means that certain Modification to the Plan dated August 23, 2001.

10. Section 1.102 is amended and restated in its entirety as follows:

**"Secured Lender Claim"** means a Secured Claim of a Lender arising under or as a result of the Pre-Petition Credit Facility Agreements, which Claims shall be deemed Allowed pursuant to this Plan in the aggregate amount of \$401 million.

11. Section 1.123 is amended and restated in its entirety as follows:

**"WGI Creditor Trust Equity Residual"** means the Net Trust Recoveries, if any, that would otherwise be distributed to holders of Allowed Claims in Class 7 remaining after payment in full of each Allowed Claim in Class 7 plus interest from the Petition Date to the date of payment of the respective Allowed Class 7 Claim, with such interest calculated at the rate of 20% per annum, compounded quarterly.

12. A new Section 2.2(f) is added as follows:



*Class 7(a): Convenience Claims*

Class 7(a) consists of all Convenience Claims.

13. A new Section 3.2(f) is added as follows:

**Class 7(a): Convenience Claims**

Each holder of an Allowed Convenience Claim as of the Distribution Record Date shall receive cash in an amount equal to 100% of such Allowed Convenience Claim plus interest at a market rate to be established in the Confirmation Order (to the extent such interest is owing with respect to such Convenience Claim) on the later of (i) the Effective Date and (ii) the date such Allowed Convenience Claim becomes an Allowed Convenience Claim, or as soon thereafter as practicable.

14. Section 3.3(a) is amended and restated in its entirety as follows:

**(a) Class 6: Secured Lender Claims**

On the Effective Date, each holder of an Allowed Class 6 Claim, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Class 6 Claim, shall receive on or as soon as practicable after the Distribution Date, (i) a Pro Rata share of ninety-three percent (93%) of the New Common Shares issued and outstanding as of the Effective Date (subject to Dilution) and (ii) a Pro Rata beneficial interest in thirty percent (30%) of the WGI Creditor Trust, and shall be entitled to receive distributions from the WGI Creditor Trust pursuant to the terms and conditions set forth in Section 9.7 of this Plan and the WGI Creditor Trust Agreement.

15. Section 3.3(b) is amended and restated in its entirety as follows:

**(b) Class 7: General Unsecured Claims**

On the Effective Date, each holder of an Allowed Class 7 Claim (subject to the provisions of Section 5.17 of this Plan) in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Class 7 Claim, shall receive on or as soon as practicable after the Distribution Date, (i) a Pro Rata beneficial interest in seventy percent (70%) of the WGI Creditor Trust, and shall be entitled to receive distributions from the WGI Creditor Trust pursuant to the terms and conditions set forth in Section 9.7 of this Plan and the WGI Creditor Trust Agreement, until such Claim is paid in full with interest at the rate of 20% per annum, compounded quarterly, accruing from the Petition Date until the date payment is made; (ii) a Pro Rata share of seven percent (7%) of the New Common Shares issued and outstanding as of the Effective Date (subject to Dilution) and (iii) a Pro Rata share of the Class 7 Stock Warrants.

16. Section 4.3 is amended and restated in its entirety as follows:

**Presumed Acceptances by Unimpaired Classes**

Classes 1, 2, 3, 4, 5 and 7(a) are Unimpaired by the Plan. Under section 1126(f) of the Bankruptcy Code, such Claim holders are conclusively presumed to accept the Plan, and the votes of such Claim holders will not be solicited.

17. Section 5.5 is amended and restated in its entirety as follows:

**Issuance of New Common Shares**

On the Effective Date, Reorganized WGI shall be authorized, in accordance with the terms of the Amended Certificates of Incorporation and By-Laws, to issue the New Common Shares, and shall be authorized in accordance with the terms of the Plan to issue and distribute 25 million shares of the New Common Shares to the holders of Allowed Claims in Classes 6 and 7. The issuance of the New Common Shares and the distribution thereof to holders of Allowed Claims in Classes 6 and 7 shall be exempt from registration under applicable securities laws pursuant to section 1145(a) of the Bankruptcy Code. Without limiting the effect of section 1145 of the Bankruptcy Code, on the Effective Date, Reorganized WGI will enter into a Registration Rights Agreement with each Allowed Class 6 claim holder (a) who by virtue of holding New Common Shares to be distributed under the Plan and/or its relationship with Reorganized WGI could reasonably be deemed to be an "affiliate" (as such term is used within the meaning of applicable securities laws) of Reorganized WGI, and (b) who requests in writing that Reorganized WGI execute such agreement. The Registration Rights Agreements shall contain certain shelf, demand and piggyback registration rights for the benefit of the signatories thereto. The Registration Rights Agreement shall be in substantially the form attached to this Plan as Exhibit D. Reorganized WGI shall use reasonable commercial efforts to have the New Common Shares listed for trading on a national securities exchange.

18. Section 5.15 is amended and restated in its entirety as follows:

**Grant and Issuance of Washington Stock Options**

(a) On the Effective Date, Mr. Dennis Washington (or any wholly-owned affiliate designated by Mr. Washington) shall be granted the Washington Stock Options.

(b) The Washington Stock Options shall consist of three (3) tranches of options as follows:

(e) If, prior to or as of the Effective Date (whether pursuant to a plan or reorganization or otherwise) substantially all of the assets of the Debtors are sold, Mr. Washington shall receive a payment, in cash, in an amount equal to (i) the amount by which the aggregate net proceeds from such asset sales (including an adjustment for liabilities assumed, if any, in excess of a normalized level of working capital (the "NWLC")) (the "Sale Proceeds") exceed \$300 million multiplied by .05, plus (ii) the amount by which the Sale Proceeds exceed \$550 million multiplied by .05, plus (iii) the amount by which the Sale Proceeds exceed \$720 million multiplied by .05. A sample calculation is attached as Schedule 5.15(b) to this Plan.

(f) For purposes of Section 5.15(b) of this Plan, "Funded Debt" will be determined as of the Confirmation Date and is expected to equal the amount of funded debt outstanding immediately after the Effective Date incurred to repay or retire outstanding obligations under the DIP Facility. Funded Debt shall be subject to adjustments, if necessary, to reflect the NLWC. The NLWC will be determined by the financial advisors to the Debtors and the Lenders, and shall be set forth in the Confirmation Order. The NLWC will be such working capital as would be normal and customary for the Debtors' businesses as they exist at the time consistent with industry standards, the Debtors' past experience and benchmarking. The NLWC will be consistent with past practices and will neither accelerate nor defer cash receipts by, among other things, modifying billing cycles or the timing or terms of the collection of receivables or dividends from joint ventures. The Debtors will continue their historical cash management procedures including issuing letters of credit for retainage on accounts receivable collections. The NWLC will also adjust for any acceleration or deferral of cash disbursements including, among other things, modifying normal payment terms or timing of accounts payable, prepaying for services, pre-funding or deferring pension contributions or permitting substantial retainer payments or having cash balances higher or lower than customary. Funded debt and NLWC will be adjusted to exclude the impact of (A) the consolidation of previously unconsolidated investments, (B) acquisitions or dispositions of assets for fair value outside the normal course of business, (C) other transactions which would not be expected to modify enterprise value and (D) acquisition or disposition of fixed or other assets outside the ordinary course of business.

(g) Should the Bankruptcy Court determine that the Plan is not confirmable as a result of all or any part of the Washington Agreement, and unless Mr. Washington consents to a modification of the Washington Agreement that the Bankruptcy Court determines renders the Plan confirmable, the Washington Agreement shall be deemed automatically stricken from the Plan in its entirety (including, without limitation, Mr. Washington's agreement to remain on the board of directors of Reorganized WGI).

19. A new Section 5.15A is added as follows:

**Grant and Issuance of Class 7 Stock Warrants**

(a) On the Effective Date, Reorganized WGI shall issue for distribution in accordance with the terms of the Plan the Class 7 Stock Warrants to holders of Allowed Claims in Class 7. The issuance of the Class 7 Stock Warrants and the distribution thereof to holders of Allowed Claims in Class 7 shall be exempt from registration under applicable securities laws pursuant to section 1145 (a) of the Bankruptcy Code.

(b) The Class 7 Stock Warrants shall consist of two (2) tranches of warrants as follows:

(i) The "Tranche A Class 7 Warrants" shall be warrants to purchase New Common Shares consisting of ten percent (10%) of the New Common Shares outstanding (subject to Dilution), with a strike price calculated upon an assumed enterprise value for the Company on a going concern basis of \$875 million (assuming \$50 million of funded debt on the Company's consolidated balance sheet as of the Effective Date). The Tranche A Class 7 Warrants shall have a term expiring on the first (1<sup>st</sup>) anniversary of the Effective Date.

(ii) The "Tranche B Class 7 Warrants" shall be options to purchase New Common Shares consisting of ten percent (10%) of the New Common Shares outstanding (subject to Dilution), with a strike price calculated upon an assumed enterprise value for the Company on a going concern basis of \$1.050 billion (assuming \$50 million of funded debt on the Company's consolidated balance sheet as of the Effective Date). The Tranche B Class 7 Warrants shall have a term expiring on the first (1<sup>st</sup>) anniversary of the Effective Date.

(c) The Tranche A Class 7 Warrants and Tranche B Class 7 Warrants shall each fully vest on the Effective Date.

20. A new Section 5.17 is added as follows:

**Deemed Waiver of Distributions by Holders of Lender Deficiency Claims**

On the Effective Date, in partial consideration of the settlement of disputes relating to the Claims and Liens asserted by the Lenders that is embodied in the Plan as modified by this Modification, and taking into consideration other objections raised to the Plan by certain parties in interest, the holders of Allowed Lender Deficiency Claims shall be deemed to have waived their right to receive distributions under the Plan on account of such Class 7 Claims; provided that the

24. A new Section 10.2(a)(iv) is added as follows:

**10.2 Conditions to Effective Date**

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with Section 10.3 of this Plan:

(a) . . . :

(i) . . . ;

(iv) establish procedures for providing notice to holders of Convenience Claims of the designation of such Claims as Convenience Claims, and resolution of disputes (if any) regarding such designation.

25. A new Section 12.8(a) is added as follows:

**Settlement of Disputes with Creditors' Committee**

Pursuant to Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided under the Plan pursuant to section 3.3 of this Plan, this Plan shall constitute a good faith compromise and settlement of all claims or controversies relating to the validity, priority, or extent of the Liens

claimed on assets of the Company by the Prepetition Secured Lenders, which settlement shall be binding on all holders of Claims or Interests and all other parties in interest.

Dated this \_\_\_\_ day of August, 2001.

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Jennifer Smith  
Etta L. Walker  
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- and -

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